

AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
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LARRY WALKER
Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK
Assistant Auditor/Controller-Recorder
Assistant County Clerk

September 30, 2004

RICHARD LARSEN
Treasurer/Tax Collector
172 West Third Street
San Bernardino, CA 92415-0360

SUBJECT: MANAGEMENT LETTER REGARDING INTEREST APPORTIONMENT AUDIT

We have audited the interest apportionments of the San Bernardino County Treasurer's Office for the fiscal year ending June 30, 2004 and have issued our report thereon dated October 6, 2004. In planning and performing our audit of the interest apportionments, we considered internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the gross interest apportionment.

An audit does not include examining effectiveness of internal control and does not provide assurance on internal control. However, we noted a certain matter involving internal control and its operation, which is presented below, that we do not consider to be a reportable condition under standards presented by the American Institute of Certified Public Accountants. Reportable conditions involve matters that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the audit report. We have not considered internal control since the date of our report.

The finding and recommendation listed below is presented for your consideration. This finding and recommendation has been discussed with the appropriate members of management, and is intended to improve internal controls over the interest apportionment process.

FINDING 1: Reconciliations between cash balances deposited and adjusted cash balances was not documented by the Treasury Office Supervisor.

The Treasurer's Office tracks all currency invested in securities for the County of San Bernardino. Every quarter the TZ300 Average Daily Balance Adjusted Deposit and Cash Balance Reports are generated. The reports detail the amount of cash deposits made and the adjusted deposits for floats. The differences, due to float adjustments are reconciled, but the reconciliation is not documented. Therefore, the float detail cannot be verified.

Recommendation:

Document reconciliations of the cash balances and adjusted deposits so that the differences can be easily identified.

Management's Response:

The average daily cash balance and "floated" balances are reconciled as part of the quarterly interest apportionment. We will document the reconciliation beginning with the apportionment for the quarter ended December 31, 2004.


Acknowledgements:

We wish to thank management and staff for their full cooperation during the audit.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:


John W. Snell,
Internal Auditor I

Quarterly copies to:

County Administrative Officer
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LARRY WALKER
Auditor/Controller-Recorder
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Assistant Auditor/Controller-Recorder
Assistant County Clerk

May 28, 2004

Richard Larsen, Treasurer-Tax Collector
172 W. Third Street, First Floor
San Bernardino, CA 92415-0360

SUBJECT: TREASURER'S INVESTMENTS AUDIT DECEMBER 31, 2003

Introductory Remarks

In accordance with California Government Code Sections 26920 and 26922 and County Board of Supervisor's resolution dated July 6, 1971, we have completed a reconciliation of the Treasurer's Cash Book as of December 31, 2003. In addition, we evaluated investments for compliance with California Government Code Section 53601, "Securities Authorized for Investment" and with the Treasurer's Investment Policy.

Scope of Audit

We audited selected financial transactions, operations, procedures, and controls in effect over cash and investments. Our audit was made in accordance with generally accepted auditing standards and included such tests of the records and other auditing procedures as we considered necessary in the circumstances.

Audit Results

Cash and investments of \$2,881,219,155, as stated in the Treasurer's cashbook at December 31, 2003, reconciled to supporting documentation in all material respects. There were no instances of non-compliance noted in the evaluation of compliance with California Government Code Section 53601 and the Treasurer's Investment Policy.

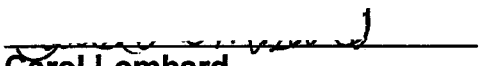
Audtrpt\Treasurer Cash Count
Richard Larsen
May 28, 2004
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Our study and evaluation, made for the limited purpose described above, would not necessarily disclose material weaknesses in internal controls. Nothing came to our attention that indicated procedures and controls are not materially adequate.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:


Carol Lombard
Internal Auditor II
Internal Audits Section

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